

Exhibit "B"

Financial Information

**COYOTE NETWORK SYSTEMS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(Dollars In Thousands, Except Share Amounts)

<b>Assets</b>	<b>December 31, 1999</b> (Unaudited)	<b>March 31, 1999</b>
Current assets:		
Cash and cash equivalents	\$ 613	\$ 1,225
Receivables (including deferred profit of \$9,295 at December 31, 1999) net of allowance of \$522 at December 31, 1999 and \$402 at March 31, 1999	19,976	10,092
Inventories	2,249	2,130
Notes receivable - current	12	2,367
Other current assets	<u>1,927</u>	<u>4,323</u>
Total current assets	24,777	20,137
Property and equipment, net	6,709	8,192
Capitalized software development	1,808	1,604
Intangible assets, net	5,075	5,620
Net assets of discontinued operations	—	234
Notes receivable - non-current	225	871
Investments	1,592	1,550
Other assets	<u>6,261</u>	<u>2,820</u>
	<u>\$ 46,447</u>	<u>\$ 41,028</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Lines of credit	\$ 1,414	\$ 1,133
Accounts payable	7,903	8,161
Deferred revenue and customer deposits	12,236	5,611
Accrued professional fees and litigation costs	158	676
Other accrued liabilities	3,645	3,900
Current portion of notes payable	2,898	584
Current portion of long-term debt and capital lease obligations	<u>863</u>	<u>731</u>
Total current liabilities	29,117	20,796
Notes payable	—	8,183
Long-term debt	1,464	1,534
Capital lease obligations	1,634	1,830
Customer deposits and other liabilities	6,086	2,628
Commitments and contingencies		
Shareholders' equity:		
Preferred stock - \$.01 par value: authorized 5,000,000 shares; issued 590 and 700 shares, liquidation preference of \$10,000 per share	5,900	7,255
Common stock - \$1 par value. Authorized 30,000,000 shares, issued 14,495,236 and 11,167,456 shares	14,495	11,167
Additional paid-in capital	117,981	109,394
Accumulated deficit	(124,473)	(116,002)
Treasury stock at cost	<u>(5,757)</u>	<u>(5,757)</u>
Total shareholders' equity	<u>8,146</u>	<u>6,057</u>
	<u>\$ 46,447</u>	<u>\$ 41,028</u>

**COYOTE NETWORK SYSTEMS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**

(Unaudited)

(In Thousands, Except Per Share Amounts)

		<b>3 Months Ended</b>		<b>9 Months Ended</b>	
		<b>Dec. 31, 1999</b>	<b>Dec. 31, 1998</b>	<b>Dec. 31, 1999</b>	<b>Dec. 31, 1998</b>
Net sales	- product	\$ 3,664	\$ 9,148	\$ 17,279	\$ 30,656
	- software engineering	300	---	300	---
	- long distance services	<u>2,858</u>	<u>3,783</u>	<u>7,166</u>	<u>4,632</u>
	Total	<u>6,822</u>	<u>12,931</u>	<u>24,745</u>	<u>35,288</u>
Cost of sales	- product	3,541	6,755	13,715	18,232
	- software engineering	200	---	200	---
	- long distance services	<u>2,578</u>	<u>3,481</u>	<u>6,090</u>	<u>4,533</u>
	Total	<u>6,319</u>	<u>10,236</u>	<u>20,005</u>	<u>22,765</u>
Gross profit	- product	123	2,393	3,564	12,424
	- software engineering	100	---	100	---
	- long distance services	<u>280</u>	<u>302</u>	<u>1,076</u>	<u>99</u>
	Total	<u>503</u>	<u>2,695</u>	<u>4,740</u>	<u>12,523</u>
Selling and administrative expenses		3,397	3,968	12,071	10,063
Engineering, research and development		<u>1,752</u>	<u>2,595</u>	<u>5,916</u>	<u>6,963</u>
Total operating expenses		<u>5,149</u>	<u>6,563</u>	<u>17,987</u>	<u>17,026</u>
Operating loss		(4,646)	(3,868)	(13,247)	(4,503)
Interest expense		(197)	(221)	(1,031)	(263)
Non-operating income (expense)		<u>(271)</u>	<u>(105)</u>	<u>6,121</u>	<u>(985)</u>
Loss from continuing operations		(5,114)	(4,194)	(8,157)	(5,751)
Loss from discontinued operations		---	---	(314)	(900)
Net loss		<u>\$ (5,114)</u>	<u>\$ (4,194)</u>	<u>\$ (8,471)</u>	<u>\$ (6,651)</u>
Loss per common share (basic & diluted):					
Continuing operations		\$ (.39)	\$ (.41)	\$ (.66)	\$ (.60)
Discontinued operations		---	---	(.03)	(.09)
Net loss per common share (basic & diluted)		<u>\$ (.39)</u>	<u>\$ (.41)</u>	<u>\$ (.69)</u>	<u>\$ (.69)</u>
Weighted average number of common shares outstanding (basic & diluted)		<u>13,257</u>	<u>10,216</u>	<u>12,308</u>	<u>9,604</u>

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